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RUEATRS/DEPT OF TREASURY WASHDC
RHMCSUU/FBI WASHINGTON DC
RUEAIIA/CIA WASHDC
RUEAWJA/DEPT OF JUSTICE WASHDC
RHEFHLC/DEPT OF HOMELAND SECURITY WASHINGTON DC

S E C R E T SECTION 01 OF 02 SANAA 001629

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SIPDIS

DEPT FOR S/CT GNOVIS AND NEA/ARP AMACDONALD
DEPT OF TREASURY FOR FINCEN DHARRIS AND YFADL
DEPT OF JUSTICE FOR ASSET FORFEITURE ADN MONEY LAUNDERING
RSTAPLETON
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TAGS: [ECON](#) [EFIN](#) [KCRM](#) [KTFN](#) [PREL](#) [PTER](#) [SNAR](#) [YM](#)
SUBJECT: YEMEN: CENTRAL BANK MONITORS HAWALAS, BUT HAMPERED
BY LACK OF LEGISLATION

REF: A. SANAA 259
[B](#). SANAA 1517
[C](#). 07 SANAA 1418

Classified By: DCM Angie Bryan for reasons 1.4(b) and (d).

[1](#)1. (C) SUMMARY: The Anti-Money Laundering Information Unit (AMLIU) at the Central Bank of Yemen (CBY) estimates that more than 10,000 hawalas exist in Yemen, but has little information on their integration with the greater international hawala system. The CBY's relative willingness to crackdown on the hawala network in accordance with the Middle East and North Africa Financial Action Task Force's (MENAFATF) regulations appears to be tempered by its inability to institute an effective anti-money laundering and counter-terrorism finance (AML/CTF) regime by passing draft laws regulating monetary movements. END SUMMARY.

[1](#)2. (S/NF) The Central Bank of Yemen (CBY) estimates that more than 10,000 hawalas exist in Yemen, although it has limited information on the extent of the hawala network's integration within Yemen and with the greater international hawala system. (Note: A hawala is an informal system of transferring money within a network based on trust. End Note.) Since 2008, the CBY's Anti-Money Laundering Investigative Unit (AMLIU), which is Yemen's Financial Investigative Unit (FIU), has incorporated hawala investigations into general anti-money laundering (AML) initiatives. According to Abdo Hezam Saif, Head of the AMLIU, the CBY is focusing on how people transfer money into Yemen from outside) and vice versa. Saif told EconOff on August 3 that the AMLIU identifies and monitors all individuals and companies which actively use cash transfers via hawala to conduct their business (NFI). Although Saif made this claim, he did not explain what resources they use to do so. (Note: The CBY's account of money transfers, however, corroborates USG reports which show large sums of money being transferred to Yemen via the hawala network. End Note.)

[1](#)3. (C) Since 2008, the ROYG has had a draft law directed at hawalas which was written by the Banking Control Sector at the CBY in coordination with the AMLIU. The draft law has been sent to the International Monetary Fund (IMF) for study and review. After the IMF approves the law, it will be sent to the cabinet and ultimately the Parliament for approval. Although the Yemeni Parliament has yet to pass the law, Saif told EconOff that the CBY has begun implementing new

procedures in accordance with the Middle East and North Africa Financial Action Task Force's (MENAFATF) regulations. The draft hawala law is in addition to the draft AML/CTF law, which is stuck in parliament (REF A). (Note: Although the draft hawala law has been shared with the IMF, the CBY is looking for additional feedback on the effectiveness of this law, including any available USG assistance. Post will follow up with relevant offices in the Treasury Department to see if resources exist for this type of support. End Note.) The AMLIU also has a "monitoring team" which goes to shops in order to investigate hawala activities. If the team finds anything suspicious, the AMLIU transfers the case for prosecution. When pressed by EconOff, AMLIU's Saif admitted that he had no idea how many illegal financial transactions had been caught by the ROYG, and suggested there were a few at best. Ahmed Ghaleb, Chairman of the Tax Authority and head of the National Anti-Money Laundering Committee (NAMLC), told EconOff on August 5 that he blames the AMLIU and CBY for Yemeni failings (REF B).

14. (S/NF) COMMENT: Yemen, unlike its neighbors on the Arabian Peninsula, is more of a recipient of funds from the international hawala network than a contributor. While in the past MENAFATF'S Financial Systems Assessment Team (FSAT) assessed the hawala network to be marginal in Yemen due to the limited number of Yemeni expatriates abroad (REF C), this assessment does not appear to mesh with the CBY's views of the extent of the hawala network, and corroborating USG reports of monetary transfers from the U.S. to Yemen. Still, the CBY's relative willingness to crackdown on the hawala network in accordance with MENAFATF regulations appears to be

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tempered by its inability to institute an effective AML/CTF regime by passing draft laws regulating monetary movements.
END COMMENT.
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